

ILLINOIS GAMING BOARD MEETING MINUTES  
JUNE 5, 1990

Present: William Kunkle, Chairman; Board Members: J. Thomas Johnson, Raymond Niepert, Robert Gibson, Jack Chamblin

Also Present: Bob Steere, Temporary Counsel & Acting Secretary; Morton E. Friedman, Administrator; Fred Baird, IDOR attorney; media, and the general public.

The meeting was called to order at 10:00 a.m. by Chairman Kunkle with all Board Members present.

Approval of the minutes of the Board's meeting of May 11, 1990 was tabled until the Board's next meeting as they had not been distributed to the members of the Board.

The next order of business was the review and approval of the application form for an owner's license to conduct a riverboat gaming operation presented to the Board by Mr. Friedman.

Mr. Friedman offered the following comments:

\* Several forms from the last draft copy submitted to the Board have been consolidated into two forms: Form I, Applicant Disclosure Form, and Form II, Personal Disclosure Form. The reasons for consolidation were to make the application more concise, and to make clear that there is not a riverboat operation and a gaming operation, but that there is a single riverboat gaming operation for which the applicant is responsible.

\* The instructions with regard to submitting fingerprint cards were eliminated temporarily. Specialized cards are being printed up by the FBI and are not yet ready.

\* An authorization form required by the Internal Revenue Service has been added to the package. It has been added for informational purposes only since it must be signed in the presence of a Gaming Board agent.

\* Each page of the Personal Disclosure Form has a provision for being initialed by the individual submitting the form.

\* Upon suggestion of Member Niepert, "the" was changed to "any" in a question referring to cashless wagering plans so it is clear that the Board will consider an applicant's plans for a cashless wagering system, but it is not yet a decided matter by the Board as to whether or not one will be required.

\* Final versions of the financial schedules relating to the Personal Disclosure Form have been included.

\* The only additional changes consist of correcting typographical errors.

Mr. Steere stated that he had no additional comments except to say that he, Mr. Friedman and Mr. Baird were available to answer any questions which the Board might ask.

Mr. Friedman provided the following answers to questions asked by Member Johnson:

\* The questions regarding riverboat support facilities have been incorporated into Form I.

\* If the Board promulgates rules subsequent to the filing of the applications which contradict or negate a portion of the plan submitted by an applicant, such as accessibility to disabled persons, the applicant should be given an opportunity to conform his application to the rule. This sort of process is needed since the Board was required to undertake the licensing process without first having the opportunity to develop its rules.

\* Because of the statutory time constraints in the application process, an applicant cannot be expected to propose a full operating casino in his application. There should be some give and take between the Board and applicants as the licensing process proceeds.

Member Johnson expressed concern about the requirement in Form I that the names of employees be provided, since the identity of those persons might not be known to the applicant at the time of filing, and since the Board will ultimately require occupational licenses for persons placed in sensitive positions. Chairman Kunkle commented that the Board would eventually need that information in order to know which people are going to work on which riverboat, even if those people are independently licensed. However, the Board should recognize the fact that the identities of these people simply might not be known at this time.

Member Johnson stated that his only concern on this issue was that by asking for information which is not available an application could be interpreted to be incomplete even though an applicant has done everything possible to provide complete information, and suggested modification of the requirement to disclose names.

Mr. Friedman suggested an alternate approach wherein the Board would use its discretion in interpreting the completeness of the response to the question about names of employees. If the names are known to the applicant, they should be submitted. Since there is no occupational licensing process in place, an applicant cannot pick and chose from a pool of licensed job candidates. Consequently, to the extent that an applicant knows which individuals he intends to hire, that information should be provided to the Board now so it may be considered part of the licensing process. If an applicant does not have the names of all its personnel, the Board should not consider that a fatal defect in the application, but rather should consider that information at a later point prior to granting a license. However, the ability of an applicant to provide names of his personnel at this time may be a factor which the Board might want to consider among competing applicants in determining which applicant is better qualified for licensure.

Mr. Friedman also noted that completion of the application, and investigation and approval by the Board, does not equal license. Board approval is only the first step in the process, a tentative indication that the applicant will be eligible for a license. Similar to the "dry run" required in New Jersey before

licensure, a riverboat must be fully staffed and operational, with all of its operations and procedures audited, before a license should issue. The applicant must show that he can successfully and safely operate a riverboat gaming excursion before he is licensed.

Member Johnson expressed concern about the definition of "key person" contained in the application. In his view, the term could be interpreted to be directed toward the applicant to the exclusion of gaming personnel. He suggested that specifically adding the term "gaming operations manager" to the definition of "key person" would eliminate this ambiguity.

Mr. Baird responded to Member Johnson's concerns, stating that in Form I questions are specifically asked about the key persons of the applicant and/or the gaming operations manager. In addition, in Form II questions are asked about the key persons of the gaming businesses for which the individual has worked. Consequently, the term "key person" can be viewed as a generic term which, under the terms of each individual question, is directed toward the applicant, the gaming operations manager, or other business entities.

Upon questioning from Member Gibson, Mr. Friedman stated that upon approval by the Board the application forms could be distributed to applicants immediately. Under statutory requirements the application forms must be returned to the Board by July 1, 1990. Mr. Friedman recognized the difficulty placed on applicants to complete these forms by that time, but stated that the Board should not sacrifice the completeness of the application process to accommodate the need for speed.

Mr. Friedman informed the Board that the application forms had been developed using the Illinois Racing Board application forms as a model, and that additional material had been developed from the forms used in Nevada and New Jersey, and from the Riverboat Gambling Act. Each and every question contained in the forms could be tracked as to source and origin.

Upon motion, the application forms were unanimously approved by the Board. Chairman Kunkle instructed Mr. Friedman to distribute to interested applicants and the press.

Member Johnson asked whether the questions contained in the forms provided an applicant with sufficient opportunity to describe his tourism development plan, as tourism development was one of the reasons the legislature adopted the Riverboat Gambling Act. Mr. Friedman stated that while there is no specific question directed to that issue, Question 29 of Form I does ask about the effect on economically depressed areas which an applicant's proposed plan would have, and that information about a tourism development plan could be supplied in response to that question. In addition, applicants are not prohibited from submitting additional information not specifically requested. Chairman Kunkle noted that although not legally required, the Board may have some sort of hearing as part of the licensing process and at that time an applicant could present all relevant information to support his application.

Member Johnson asked whether the applications submitted by applicants would be public records open to the public under the Freedom of Information Act. Mr. Friedman asked to defer response to that question as the issue had not been fully researched at this time.

Next, Chairman Kunkle recognized Representative McPike. Rep. McPike offered the following comments:

\* In his opinion, the July 1st due date will not be changed by the legislature.

\* In light of the resolution passed by the Board at its last meeting concerning the imposition of a \$500 gambling limit, which had been erroneously left off the original bill by his staff, the legislature will not place a limit on gambling this session, and probably never will impose a limit.

\* It was the understanding of the legislators who supported the bill in the House that at least one license would go to the Quad Cities, one license would go above Lock and Dam 26 in Alton, and one license would go below Lock and Dam 26 in East St. Louis.

Chairman Kunkle thanked Rep. McPike, and commented that the Board is operating on the premise that it must follow the legislature's intent as set forth in the Riverboat Gambling Act.

Member Johnson commented on one of the points raised by Rep. McPike, stating that the resolution passed by the Board was not that a \$500 limit should not be passed by the legislature, but rather that if the legislature considered a \$500 gambling limit it should also consider revising the 20% gambling tax rate. Testimony received by the Board indicated that if both a \$500 dollar gambling limit and a 20% gambling tax were imposed riverboat gambling in Illinois could be economically unfeasible.

Rep. McPike responded that in his opinion the legislature will neither trade off the 20% tax nor impose a \$500 gambling limit.

Next, Mr. Friedman responded to questions from Members Johnson and Gibson about the licensing process:

\* Under the Act, if an applicant does not apply by July 1, 1990 he cannot be considered for a license effective January 1, 1991. An applicant could apply after July 1, 1990 for a license effective January 1, 1992.

\* If only 3 license applications are received by July 1st, then the Board could only consider 3 license applications. The Board could reject all 3 applications if they are inadequate.

Next, the Cairo Chamber of Commerce and several Cairo citizens made a presentation to the Board in support of riverboat gambling in the City of Cairo.

Next, upon a question from the general public, Chairman Kunkle commented that in the event less than 5 licenses were issued by the Board this year, under his interpretation of the Act the Board could license the unlicensed slots the following year, but applicants would have to file for those slots in the following year. Counsel agreed with this statement.

Next, Chairman Kunkle recognized Representative Phelps. Rep. Phelps posed a question to the Board concerning the impact of multiple license applications for one geographical area. Chairman Kunkle responded stating that an implicit goal of the Act was to draw from the widest possible tourist and gambling base in order to promote economic development and tourism throughout Illinois. However, the distribution of riverboat gambling licenses throughout Illinois will be partly in the hands of the applicants, for they must make the decision as to the location of their proposed riverboat gambling operation. Member Johnson

commented that applicants are going to be applying for locations where they think they can get a return of their investment, and as much as the Board might to draw specific guidelines for license distribution, the Board simply may not get applications for certain areas of Illinois.

The final order of business was scheduling of the next meeting of the Board. Mr. Friedman advised the Board that since he and his staff would be receiving and reviewing license applications during the following weeks, he would prefer that no meeting be scheduled at this time. Rather, he proposed scheduling a meeting when he is ready to report to the Board. This proposal was accepted by the Board.

There being no further business, upon unanimous motion the meeting was adjourned.

Robert D. Steere  
Temporary Counsel and Acting Secretary  
Illinois Gaming Board